

July 2014

**Department of Housing and Urban Development  
Report on Implementation of Executive Order 13563,  
Improving Regulation and Regulatory Review and  
HUD Initiatives to Reducing Reporting and Paperwork Burdens**

<b>I. Executive Order 13563, Improving Regulation and Regulatory Review</b>		
<b>Title and Regulatory Identification Number (RIN)</b>	<b>Description and Anticipated Benefits</b>	<b>Status and Target Dates</b>
<b>Office of the Secretary (OSEC)</b>		
Removal of Regulations Transferred to the Consumer Financial Protection Bureau  (FR-5788-F-01)  Final Rule  <b>RIN 25011-AD67</b>	<p>Through this rule, HUD removes its regulations previously authorized under the Real Estate Settlement Procedures Act of 1974, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, and the Interstate Land Sales Full Disclosure Act. Responsibility for administration of these statutes, including authority to issue regulations, was transferred on July 21, 2011, to the Consumer Finance Protection Bureau pursuant to Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Accordingly, HUD's regulations for these statutes are no longer operative, and are being removed by this final rule.</p> <p><b>Anticipated Benefits:</b> The removal of these regulations avoids any possible confusion that HUD retains responsibility to administer these authorities.</p>	<p>This final rule was published on June 16, 2014 (79 FR 34224).</p> <p><b>Note: This rule will be removed from HUD's report at the next update.</b></p>
Removal of HOPE for Homeowners Regulations  (FR 5790-F-01)  Final Rule  <b>RIN 5790-F-01</b>	<p>Through this rule, HUD removes regulations for the HOPE for Homeowners program. The statutory authority for this program expired September 30, 2011. Because these regulations are no longer operative, they are being removed by this final rule. To the extent that local programs are still ongoing under the following repealed parts, their repeal does not affect the requirements for transactions entered into when these parts were in effect. Loans made under the HOPE for Homeowners programs will continue to be governed by the regulations that existed immediately before the effective date of this final rule.</p> <p><b>Anticipated Benefits:</b> The removal of these regulations avoids any possible confusion that this program designed to help homeowners in distress remains active.</p>	<p>This final rule was published on July 16, 2014 (79 FR 41422).</p> <p><b>Note: This rule will be removed from HUD's report at the next update.</b></p>

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Removal of Emergency Homeowners' Loan Program Regulations (FR-5795-F-01) Final Rule <b>RIN 2502-AJ 24</b>	<p>Through this rule, HUD removes regulations for the Emergency Homeowners' Loan Program. The statutory authority to provide emergency assistance to homeowners under this program expired on September 30, 2011. Because these regulations are no longer operative, they are being removed by this final rule. To the extent that assistance made available under this program is still ongoing, the removal of these regulations does not affect the requirements for transactions entered into when these parts were in effect. Assistance made available under the Emergency Homeowners' Loan Program will continue to be governed by the regulations that existed immediately before the effective date of this rule.</p> <p><b>Anticipated Benefits:</b> The removal of these regulations avoids any possible confusion that this program designed to help homeowners in distress remains active.</p>	The projected publication of this final rule is July 2014 .
Environmental Compliance Recordkeeping Requirements (FR-5616-F-02) Final Rule <b>RIN 2506-AC34</b>	<p>This final rule would revise the regulations governing the format used for conducting the required environmental reviews for HUD program and policy actions. HUD's current regulations require that HUD staff document part 50 environmental review compliance using form HUD-4128. Recipients receiving HUD assistance and other entities responsible for conducting part 58 environmental reviews ("responsible entities") are currently allowed to use either HUD-recommended formats or develop equivalent formats for documenting environmental review compliance. The reference to a specific form number in part 50 restricts HUD's ability to adopt alternative form designations and forms, while authorizing the use of alternate forms in part 58 makes it difficult for HUD to assess, compare, and collect data on responsible entities' environmental review records. Despite being applicable to different parties, environmental review responsibilities under parts 50 and 58 are substantively similar. In light of that, the final rule would give the Departmental Environmental Clearance Officer (DECO) the authority to create one standardized format for use in both part 50 and part 58 reviews and authorize exceptions, thereby</p>	The projected publication date of the final rule is August 2014.

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	<p>eliminating unnecessary distinctions between reviews completed by HUD employees and responsible entities. This final rule follows publication of a February 27, 2014, proposed rule.</p> <p><b>Anticipated Benefits.</b> This rule eliminates the need for entities to develop individual formats and to mitigate the redundancies, inaccuracies and confusion that arises when many forms are used for the same purpose. The use of multiple formats under part 58 was ineffective, insufficient, and for some entities, excessively burdensome. As a result of HUD's previous experience, HUD believes that standardized formats are necessary to ensure compliance with all applicable environmental laws and authorities, and the new requirements will ease the environmental compliance burden on all HUD recipients, streamlining the compliance process by applying a uniform and consistent approach.</p>	

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<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Streamlining Inspection and Warranty Requirements for Federal Housing Administration (FHA) Single Family Mortgage Insurance: Removal of the FHA Inspector Roster and of the Ten- Year Protection Plan Requirements for High Loan-to-Value Ratio Mortgages</p> <p>(FR-5457-F-02)</p> <p>Final Rule</p> <p><b>RIN 2502-AJ03</b></p>	<p>This rule streamlines the inspection and home warranty requirements for FHA single family mortgage insurance. HUD’s regulations currently require the use of an inspector listed on FHA’s Inspector Roster as a condition for FHA mortgage insurance. The Inspector Roster lists inspectors selected by FHA as eligible to determine if the construction quality of a one unit property is acceptable as security for an FHA-insured loan. Current regulations also require newly constructed homes to have a 10-year protection plan in order to qualify for high loan-to-value (LTV) FHA-insured mortgages. Although such protection plans are no longer statutorily mandated, HUD continued to require the plans through regulation. The streamlining changes recognize the sufficiency and quality of inspections carried out by local jurisdictions as a result of the building permit and certification of occupancy processes. The final rule follows publication of a February 6, 2013, proposed rule.</p> <p><b>Anticipated Benefits:</b> The rule removes the regulations for the FHA Inspector Roster and streamlines the mortgage insurance application process. By eliminating the Roster, HUD believes that this rule would expand the number of inspectors from which lenders may choose for the inspection of a home where the mortgage is to be insured by FHA. HUD anticipates savings of approximately \$42,770 in administrative costs from ceasing to maintain the Roster. HUD estimates that the total savings to homeowners of eliminating the 10-year warranty requirement is approximately \$29.4 million. This number is based on the historical data available to HUD, and represents the dollar amount of the premiums that will no longer have to be paid by homeowners. In 2010, the average coverage of the mandated warranty plans was \$170,412. The average premium charged under the plans was of \$3.00 per \$1,000 of coverage. The average cost of such plans per homeowner was therefore \$511,236 (\$3 x \$170.412). The anticipated total savings resulting to homeowners may be estimated by multiplying the number of plans (57,415) by the estimated costs per homeowner (\$511,236). This equals a total projected savings of approximately \$29.4 million.</p>	<p>The projected publication date of the final rule is December 2014.</p>

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<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA) Single Family Mortgage Insurance: Removal of Requests for Alternative Mortgage Amounts;</p> <p>(FR-5462-F-02)</p> <p>Final Rule</p> <p><b>RIN 2502-AJ02</b></p>	<p>This final rule would remove the regulations providing for requests for an alternative maximum mortgage amount in the FHA single family mortgage insurance programs and, in doing so, would establish certainty in FHA’s annual announcement of applicable maximum mortgage amounts for the calendar year. The existing regulations provide for requests to be submitted at any time with no end date provided for the submission of requests. This open-ended practice, initiated in 1980, does not bring stability to a mortgage market. Over 30 years later, the quality of FHA’s data in establishing mortgage amounts for any given geographic area is such that the requests for alternative mortgage amounts have dropped dramatically in the past few years so that no requests were submitted to FHA in calendar year 2010. The removal of this process in and of itself will signal the certainty to FHA’s annual announcement of maximum mortgage amounts. The final rule follows publication of a January 13, 2012, proposed rule.</p> <p><b>Anticipated Benefits:</b> The final rule would bring certainty to and streamline the announced maximum mortgage amounts for each calendar year, by removing a regulation that is no longer relevant.</p>	<p>The projected publication date of the final rule is February 2015.</p>
Residual Income Test	<p>In HUD’s Qualified Mortgage Definition for HUD Insured and Guaranteed Single Family Mortgages final rule (78 FR 75215), HUD committed to reviewing the use of a residual income test that would be adopted by all agencies for determining creditworthiness of a borrower. HUD will review the role of using residual income as a factor in its FHA lending and determine whether rulemaking is appropriate.</p>	<p>HUD will determine by January 2015 whether rulemaking is appropriate.</p>

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<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA): Section 232 Healthcare Facility Insurance Program – Aligning Operator Financial Reports with HUD’s Uniform Financial Reporting Standards</p> <p>(FR-5794-I-01)</p> <p>Interim Rule</p>	<p>Through a final rule published on September 7, 2012, at 77 FR 55120, HUD revised the regulations for FHA’s program for insurance of health care facilities under section 232 of the National Housing Act (Section 232 program). In the September 7, 2012, final rule, HUD retained the longstanding requirement that owners and borrowers participating in the Section 232 program submit audited financial statements to HUD, and added the requirement that operators of Section 232 facilities also submit financial statements to HUD on a quarterly and annual basis. However, the September 7, 2012, rule placed operators on a different submission deadline than that required of owners. This interim rule revises the financial reporting deadlines for operators to bring them in-line with the reporting periods prescribed in HUD’s Uniform Financial Reporting Standards, to which owners and borrowers are subject.</p> <p><b>Anticipated Benefits:</b> This interim rule relaxes a reporting requirement for operators by allowing operators more time to comply with HUD’s audited financial statement reporting requirements. Allowing operators the additional time to submit audited financial statements reduces a burden of having to meet a deadline not imposed on other program participants in the Section 232 program.</p>	<p>The projected publication date of the interim rule is September 2014.</p>
<p>Streamlining Management and Occupancy Reviews for Section 8 Housing Assistance Programs and Amending Vacancy Payments for Section 8 and Section 162 Housing Assistance Programs</p> <p>(FR-5654-P-01)</p>	<p>This proposed rule would amend existing project-based Section 8 regulations related to Management and Occupancy Reviews (MORs) for the following programs: the Section 8 Housing Assistance Payments (HAP) Programs for New Construction, Substantial Rehabilitation, and State Housing Agencies, New Construction financed under Section 515 of the Housing Act of 1949, the Loan Management Set-Aside Program, the HAP Program for the Disposition of HUD-Owned Projects, and the Section 202/8 Program. Under existing regulations, the frequency of MORs across the seven project-based Section 8 programs is inconsistent. Contract administrators are required to review a project’s operations “at least annually” to determine</p>	<p>The projected publication date of the proposed rule is December 2014.</p>

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<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Proposed Rule</p> <p><b>RIN2502-AJ22</b></p>	<p>whether the owner is in compliance with the HAP contract. Completion of MORs can require Contract Administrators to visit the site and can cause interruption in project operations. The Contract Administrator spends approximately 8 hours of staff time and additional resources to review every project. HUD has found that over the last three years projects have been rated “Below Average” or “Unsatisfactory” only eight percent of the time. A full or limited review of all projects, including those that consistently receive high marks, puts a strain on HUD and project resources. Under this rule, MORs would be conducted in accordance with a schedule published in the Federal Register and subject to public comment, and the frequency of a MOR would be based on results of the prior MOR.</p> <p>This rule would also amend the existing project-based Section 8 regulations mentioned above and the existing Section 162 regulations related to Vacancy. Under current regulations, an owner is entitled to vacancy payments in the amount of 80 percent of the contract rent for a period of no more than 60 days after initial rent up or after an eligible family vacates the unit. HUD has observed that the 60-day period for vacancy payments may be too long in high volume areas, resulting in contract units staying vacant for longer periods and extending the time it takes for eligible families to secure housing.</p> <p><b>Anticipated Benefits:</b> The amendments made to the MORs would reduce burden on project owners. Because many of the properties that receive assistance under a Section 8 HAP contract have consistently received high marks on their MORs, reducing the frequency of a MOR would result in fewer unnecessary interruptions in project operations. The amendments made to the vacancy payments regulations would make units available to eligible families earlier rather than later. HUD has observed that since vacancy payments are only available once units are ready to be rented, owners typically turn around a unit in 30 days rather than collect a reduced vacancy payment. Additionally, HUD wants to incentivize owners, when appropriate, to see that vacant units are rented more expeditiously.</p>	

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<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA): Refinancing an Existing Cooperative under Section 207 Pursuant to Section 223(f) of the National Housing Act  (FR-5395-F-02)  Final Rule  <b>RIN 2502-A192</b></p>	<p>This final rule amends HUD’s regulations governing the eligibility for FHA insurance of mortgages used for the purchase or refinancing of existing multifamily housing projects. Although the statutory language authorizing such insurance does not distinguish between rental or cooperative multifamily projects, HUD’s regulations limit FHA insurance to existing rental projects. Given the significant needs identified for multifamily cooperative financing, the Department determined that it was appropriate to reconsider the regulatory imposed limitation. Accordingly, this rule revises HUD’s regulations to enable existing multifamily cooperative project owners to obtain FHA insurance for the refinancing of existing indebtedness.</p> <p><b>Anticipated Benefits:</b> Allowing refinancing for cooperatives helps to preserve affordable housing stock in the U.S. Refinancing the existing underlying mortgage of a cooperative is considered a preferred alternative than expending a cooperative’s reserve fund, which would have a negative impact on the cooperative’s financial strength. Refinancing would help to avoid the need for a special assessment (often needed for a large emergency repair such as a leaking roof), which benefits the residents of a cooperative. If the cooperative’s reserve fund is too low, the residents must pay the cost of the assessment, and this could harm low-to-moderate income occupants, especially those on a fixed income.</p>	<p>This final rule was published on July 21, 2014 (79 FR 42187).</p> <p><b>Note: This rule will be removed from HUD’s report at the next update.</b></p>



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Office of Housing—Federal Housing Administration and Office of Public and Indian Housing		
<p>Streamlining Administrative Regulations for Public Housing and Housing Choice Vouchers and Multifamily Housing Programs</p> <p>(FR-5743-P-01)</p> <p>Proposed Rule</p>	<p>This proposed rule would amend HUD’s regulations governing aspects of the Housing Choice Voucher (HCV), and Public Housing (PH), and Multifamily housing programs. This rule proposes to streamline regulatory requirements pertaining to verifying tenants’ incomes, setting rents, determining utility allowances, determining compliance with community service requirements, setting grievance procedures, setting move-in dates for tenants, and re-inspecting units previously found to have had housing quality standards violations. The purpose of the proposed changes is to reduce administrative burdens on entities administering these programs to assist their efforts to serve more families requiring assistance in an environment of decreasing financial resources.</p> <p><b>Anticipated Benefits:</b> By decreasing the regulatory burden on entities administering key HUD affordable housing program and increasing their administrative flexibility, HUD intends to enable these entities to deliver rental assistance more efficiently and expeditiously, and to better manage their programs within current allocated budget authority. The streamlining changes proposed to be made by this rule would facilitate the ability of entities to continue, without interruption and with minimal burden, the delivery of rental assistance to eligible families in their communities.</p>	<p>The projected publication date of the proposed rule is December 2014</p>

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<b>Office of Public and Indian Housing (PIH)</b>		
<p>Public Housing and Section 8 Programs: Housing Choice Voucher - Improving Portability for Voucher Families</p> <p>(FR-5453-F-02)</p> <p>Final Rule</p> <p><b>RIN 2577-AC86</b></p>	<p>This rule would amend HUD's regulations governing portability in the Housing Choice Voucher program (HCV program). Portability is a feature of the HCV program that allows an eligible family with a housing choice voucher to use that voucher to lease a unit anywhere in the United States where there is a public housing agency (PHA) operating a housing choice voucher program. The purpose of HUD's changes to the portability regulations is to streamline the process for such inter-jurisdictional moves. Reducing the administrative burdens involved with processing portability requests will enable initial and receiving PHAs to better serve families and expand housing opportunities. The final rule follows publication of a March 28, 2012, proposed rule.</p> <p><b>Anticipated Benefits:</b> The rule would remove the administrative burdens involved with processing portability requests, making it easier for low-income families to move with their vouchers. The changes to the HCV regulations would not have a significant incidence on the program budget. The rule, however, would yield certain non-tangible benefits to program participant and, if successful, increase financial transfers between PHAs.</p>	<p>The projected publication date of the final rule is January 2015.</p>
<p>Streamlining Requirements Applicable to Formation of Consortia by Public Housing Agencies</p> <p>(FR-5578-P-01)</p>	<p>This proposed rule revises the PHA consortium regulations to provide additional flexibility and increase administrative efficiencies associated with forming a consortium. The changes will also help ensure increased family choice in locating suitable housing. The proposed rule would allow PHAs to form a new category of cross-jurisdictional consortia for administration of the Section 8 Housing Choice Voucher (HCV) program. The current regulations do not allow for such cross-jurisdictional consortia. The proposed rule would also revise the categories of</p>	<p>The proposed rule was published on July 11, 2014 (79 FR 40019).</p>

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Office of Public and Indian Housing (PIH)		
Proposed Rule  <b>RIN 2577-AC89</b>	<p>Section 8 programs eligible to be administered under a consortium. Specifically, the Section 8 programs administered by HUD's Office of Multifamily Housing programs would no longer be eligible for consortia administration. HUD also proposes to establish new requirements regarding the timeframes for the establishment and dissolution of a consortium. Further, HUD has taken the opportunity afforded by this proposed rule to make several technical, non-substantive changes to improve the clarity and organization of the consortium regulations.</p> <p><b>Anticipated Benefits:</b> The proposed rule will enable PHAs to establish cross-jurisdictional consortia that would be treated as a single PHA, with a single jurisdiction and a single set of reporting and audit requirements, for purposes of administering the HCV program in a more streamlined and less burdensome fashion.</p>	

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Office of Public and Indian Housing (PIH)		
Public Housing Consortia  Proposed Rule	<p>The 2014 Appropriations Act amended the definition of a public housing agency to include “a consortium of public housing agencies...” The intent of the language is to enable consortia to form and operate under one Annual Contributions Contract (ACC). Consortia currently operate vis-à-vis memoranda of understanding with one PHA managing the public housing and/or HCV enterprises for the other consortium members. Although the managing PHA may handle all the business affairs, including receipt and distribution of operating and capital fund, financial reporting, audits, and so on, each member PHA retains its identity, PHA number in PIC, ACC, etc. Similar to HUD’s Voucher Consortia rule, this proposed rule will provide additional flexibility and increase administrative efficiencies associated with forming a consortium.</p> <p><b>Anticipated Benefits:</b> The proposed rule will enable PHAs to establish cross-jurisdictional consortia that would be treated as a single PHA, with a single jurisdiction and a single set of reporting and audit requirements, for purposes of administering the HCV program in a more streamlined and less burdensome fashion.</p>	The projected publication date of the proposed rule is February 2015.

II. HUD Initiatives to Reduce Reporting and Paperwork Burdens		
Title	Description and Anticipated Benefits s	Status and Target Dates
<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA) Single Family: All FHA-Approved Mortgagees</p> <p>Mortgagee Letter 14-03</p>	<p>This Mortgagee Letter (ML) announces that FHA will accept electronic signatures conducted in accordance with the performance standards outlined in the ML on all documents requiring signatures in the case binder for mortgage insurance, unless otherwise prohibited by law. FHA will also accept electronic signatures conducted in accordance with the performance standards outlined in this ML on any servicing and loss mitigation documentation, FHA insurance claims, and on HUD's Real Estate Owned (REO) Sales Contract and related addenda.</p> <p>This policy applies to Title I and II forward mortgages and Home Equity Conversion Mortgages.</p>	<p>This ML was published on January 30, 2014.</p> <p><b>Note: This ML will be removed from HUD's report at the next update.</b></p>
<p>Federal Housing Administration (FHA) Multifamily Housing: Replacement of Development Application Processing system</p>	<p>Reengineering efforts are currently underway to replace the Development Application Processing (DAP) system with a new commercial-off-the-shelf software product to improve the application review process by being: A simple, user-friendly, intuitive, flexible, and trustworthy guide. The software is being tailored to reflect FHA multifamily procedures on an online system for easy application, third party reports, and various documents and data uploads. The new system will generate staff-generated review documents, pre-populated standardized documents and offers communication capability between HUD staff reviews and Lender coordination. Procurement for a contractor was accomplished in early FY 2013 and configuration and enhancements, such as e-signatures, are in process. The proposed target date for implementation is subject to the satisfaction of any IT security concerns.</p>	<p>The projected publication date for system implementation is August 2015.</p>

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Title	Description and Anticipated Benefits s	Status and Target Dates
<b>Office of Housing – Federal Housing Administration (FHA)</b>		
<p>Federal Housing Administration (FHA) Healthcare Programs- Residential Care Facilities:</p> <p>Comprehensive Listing of Transactional Documents for Mortgagors, Mortgagees and Contractors</p>	<p>The assignment of a PRA control number concluded a 10-month process through which HUD solicited public comment to update 115 healthcare facility documents to reflect current policy and practices, to improve accountability by all parties involved in FHA’s healthcare facility transactions and strengthen risk management.</p> <p>HUD is now addressing the issue of which healthcare facility documents are eligible for electronic submission. HUD did not address this issue as part of the previous notice and comment process, but recognizes the importance, efficiency, and reduction of burden that electronic submission of documents can achieve.</p>	<p>This project was completed on June 30, 2014.</p> <p><b>Note: This project will be removed from HUD’s report at the next update.</b></p>